

**WASHINGTON, DC**—Congressman Peter DeFazio (D-Springfield) today voted for passage of H.R. 400, the War Profiteering Prevention Act, legislation which would prohibit overcharging on federal contracts in order to defraud or profit unnecessarily from war, military action or reconstruction efforts. DeFazio cosponsored the bill back in February and was a cosponsor of similar legislation in the 109th Congress.

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“While our troops heroically and selflessly serve in difficult situations abroad, I am disgusted that some private contractors have chosen to unjustly profit off of war by engaging in assorted schemes just to make a buck,” said DeFazio. “Today, the House is taking a long overdue stand against putting the almighty dollar ahead of the well-being of our troops and against private companies who undermine the mission in Iraq through their fraudulent practices.”

Contracting for goods and services to support U.S. missions abroad, especially in military actions in Iraq and Afghanistan, has increased significantly recently. Congress and inspectors general are investigating a host of contract fraud allegations including kickbacks, bid-rigging, embezzlement, fraudulent over-billing, and failure to provide promised goods and services in overseas contracts. For example, according to the Defense Contract Audit Agency, there have been more than \$10 billion in suspect billings in Iraqi contracts. Of that amount, \$2.7 billion are from Halliburton.

Current federal law does not explicitly extend extraterritorial jurisdiction for contract fraud committed while working in support of U.S. missions abroad. Federal law also does not extend jurisdiction to contract fraud committed against provisional authorities (temporary governments) supporting U.S. missions abroad. In one case, Custer Battles, LLC, a contractor with offices in Virginia, which worked for the former Coalition Provisional Authority in Iraq, was found to have committed 37 counts of fraud related to over-billing. U.S. District Judge T.S. Ellis III, however, overturned the decision on the grounds that the Coalition Provisional Authority in Iraq was not part of the U.S. government, and current U.S. federal fraud laws could not apply.

“Contractors have been operating in a legal black hole in Iraq and Afghanistan. This legislation is just one more necessary step toward restoring accountability to the President's

flawed policies in Iraq," concluded DeFazio.

The War Profiteering Prevention Act covers fraud and attempted fraud on contracts issued by the U.S. government or any provisional authority for work in support of U.S. government activities abroad such as war, relief, and reconstruction efforts. Such fraudulent activities would include making materially false statements, concealing a fraud scheme, and overvaluing goods and services with the intent to defraud. Violations would be punishable by up to 20 years in prison and a fine of either \$1 million or up to twice the fraudulently obtained proceeds, whichever is greater. Any fraudulently obtained proceeds may be subject to forfeiture.

The Senate must now act on the bill.